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Varieties of Capitalist debates?

National peculiarities in the debate on market liberalization in Britain, France and Germany.

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First draft – suggestions welcome

Abstract

To the same extent as the Varieties of Capitalism (VoC) approach has become widely renowned it has provoked criticism. Among the points of contention the VoC approach faces is its neglect of political conflict. Due to the selective focus on labor market interactions and institutions, the approach does not pay enough attention to the context of national economic networks, that is the role of the broad public debate and the public opinion. In this paper I will move beyond the simple bifurcation between liberal and coordinated market economies that most VoC literature assumes. Using the concept of public debates, I will study the supply and demand side of political conflict in Britain, France and Germany. More generally, I assume that the different types of capitalism lead to distinct camps of actors, variations in the relationships between economic and political actors, and distinct patterns in the public opinion. The analysis mainly relies on novel relational data from an extensive content analysis of newspapers from 2004 to 2006. Additionally, secondary data from surveys is used to study the role of the socio-structural base of conflict. The analysis confirms the distinct nature of different capitalist models and show how the patterns of political conflict on economic policies can be extended beyond the expectations derived from the VoC approach.

Introduction

To the same extent as the Varieties of Capitalism (VoC) approach has become widely renowned it has provoked criticism. Among the points of contention the VoC approach faces is its neglect of political conflict in general and, more specifically, the socio-structural base of political conflicts. Due to the selective focus on labor market interaction and institutions, the approach does not pay enough attention to the context of national economic networks, namely the role of the broad public debate and the public opinion. In this paper I will move beyond the simple bifurcation between liberal and coordinated market economies that most VoC literature assumes. More specifically, I follow Schmidt (2009) and assume that there are three, not two varieties of capitalism: Liberal (LME), Coordinated (CME) and State-led Market Economies (SME). Using the concept of debate, I will study the supply and demand side of the public debate in the three countries Britain (LME), France (SME) and Germany (CME). I assume that the different types of capitalism vary in terms of distinct camps of actors, the national networks between economic and political actors, and the public opinion.

The analysis reveals that the debates follow the logic of different equilibria in capitalist varieties. The debate among the elite is indeed rather liberal in the Liberal Market Economy Britain, rather protectionist in the State-led Economy France, and moderate in the Coordinated Market Economy Germany. Additionally, there is a very strong opposition to a further deregulation of national markets in France, while the oppositional forces in Britain and Germany are rather marginal in their importance. The divide between the elite and the population, by contrast, is greatest in Britain. In Germany, both the elite and the public are more moderate and thus closer to each other. Further, all three countries have in common that the population is mainly divided on the question whether national markets should be internationalized.

The paper is structured as follows. The theoretical section will outline the main concepts and expectations guiding the analysis. Subsequently, methodological aspects will be discussed:

the selection of countries, time periods, and data sources as well as the measures and methods of analysis. Thereafter, the single countries studies will be presented. The conclusion will then try to put the results of the single countries into a broader context and discusses their various implications.

2. Varieties of capitalism and the role of the state

Political and economic changes of the last decades brought about important challenges to Western European politics. To begin with, one strand of research, mainly situated in the International Political Economy literature, identifies three trends of *economic globalization* that profoundly reshaped economic policy making. On the company level, the lowering of transport and communication costs enabled large firms (the ‘global players’) to split their value chain and to locate production according to comparative advantage (Perraton et al. 1997). Further, trade has transformed most national markets for manufactured goods into global ones (Brühlhart 2009). With regard to financial markets, finally, there was worldwide excess capacity in capital until the recent crisis, what lead to ever more dense global financial trade (Berger 2005). Other scholars maintain that the most consequential transformations for advanced economies did not take place on the global level but rather within the national context (Krugman et al. 1995; Oesch 2006). They identify three trends of *post-industrialization* as the leading factors which change economic policy making: deindustrialization, that is the movement of labor from the agricultural and manufacturing sectors to the service sector (Iversen and Cusack, 2000, 313); the expansion of the middle-classes due to rising levels of education (Kriesi, 1998); and the massive entry of women in the labor market (Häusermann, forthcoming). A final body of research interprets the *political integration* of nation states into a system of multi-level governance, above all the European integration process, as a powerful force transforming Western European politics (Howarth 2006: 85.f; Kriesi et al. 2008).

While the debate on the relative importance and causal relationships of these developments is still undecided (cf Kollmeyer 2009), most scholars agree that one or more of these trends have led to increasing economic risks for individuals as well as business and, in turn, have shaped economic policy making in advanced economies. Of course, this imposes similar adaptive pressures on the different European capitalist models (Hay 2004; Scharpf and Schmidt 2000: 1f.; Held & McGrew 2000: 7). From a neo-institutionalist perspective, these adaptive pressures will however not lead to the leveling of national peculiarities (Risse et al. 2001; Rueda 2008: 350; Kitschelt 1991: 454). Institutions like labor market regulations, welfare systems or interest intermediation regimes act as national filters between macroeconomic conditions and political outcomes. Most notably, the literature on the Varieties of Capitalism (VoC) has received much attention in the last years. This approach identifies two diverging patterns of adaptation to economic changes (Hancké et al. 2007; Hall and Soskice 2001). Accordingly, the persistence of capitalist diversity is due to ‚positive feedbacks’ which reinforce the following institutional complementarities in the single countries. Liberal Market Economies (LME), on the one hand, can be characterized by non-cooperative relations between unions and employers, a market-driven financial system, and arm's length relations among firms. In Coordinated Market Economies (CME), on the other hand, union-employer relationships are generally cooperative, the industries traditionally have close ties to banks and the employers are closely organized in associations.¹ The argument of the two capitalist models is essentially a dynamic one, since the CME and LME are in lockstep transforming themselves in reaction to the aforementioned exogenous pressures from *post-industrialization*, *globalization*, and *political integration* (Hay 2004). Drawing on Hirschman's (1970) classic distinction between *exit/entry* and *voice*, I argue that such transformations can straightforwardly be observed along two dimensions (cf Hall & Gingerich 2004). The basic idea of this distinction is that

¹ We can enrich this distinction with another renowned typology in political economy: CME are actually complemented by conservative or social-democratic welfare states (Esping-Anderson 1990); LME, on the other hand, are accompanied by a liberal welfare state.

members of any organization have generally two possible responses when they perceive decreasing benefits from the organization: they can *exit* (leave the organization) or they can *voice* (attempt to improve conditions within the organization). Applied to adaptation processes of advanced economies, there is a first dimension which is concerned with the changing relationship between the national economy and foreign as well as global markets, i.e. whether business should move freely across borders or not (*exit/entry*). The second dimension of adjustment refers to the effort to change national institutional settings according to the imperatives of economic competitiveness (*voice*). I will call the two dimensions *international* and *domestic liberalization*. In the following, these dimensions are used to develop expectations regarding the structure of political conflict in the countries under study.

The bifurcation of advanced economies into LME and CME is convincing because of its parsimony. Yet, several authors contend that the VoC approach relies on a too reductionist view of the political and economic structure (cf Pontusson 2005; see *below*). Most suspicious is the residual category identified by the VoC literature, the Mixed-Market Economies (MME). The countries of this category, for example Japan or France, can neither be consistently sketched nor do they fit into the VoC dichotomy. Schmidt (2009) convincingly argues that this misconception of the MME is due to the neglect of the state as a central mediating and intervening actor in the economic sphere. Following Shonfield's (1965) distinction between a liberal, corporatist and interventionist model of capitalism, Schmidt extends the usual two Varieties of Capitalism to three – Liberal, Coordinated and State-influenced (SME) Market Economies. While in LME like Britain the influence of the state is limited to rule setting and conflict settlement, it actively tries to facilitate economic activities in CME and SME. However, in CME the state acts as a coequal with employers and unions to negotiate employment protection, participate in wage bargaining or set other economic regulations (Schmidt 2009: 521). In an SME like France, by contrast, the state often appears as an 'entrepreneurial state' which ac-

tively decides over business activities (Thibergien 2007). By separating the three VoC by a distinct relationship between the state and the economic sphere, Schmidt (2009) is able to solidly classify many countries of the vague MME category. I will follow her suggestions and start the analysis with the expectation that I deal with three types of capitalisms.

3. The public debate: addressing a weakness of the VoC approach

The main aim of this analysis is to deal with a salvo of criticism to the VoC approach regarding its neglect of two main aspects in the political power structure of the countries observed (Howell 2003). To begin with, the VoC approach is criticized to be rather unaware of the underlying socio-structural differences between countries, most notably regarding gender and class inequalities (Estévez-Abe 2005). In other words, the role of the public opinion, i.e. the *demand side* of politics in contemporary capitalist systems is underdeveloped in the VoC literature. Secondly, VoC has also been criticized for not paying enough attention to specific actors of the *supply side*, i.e. actors within the political elite. More specifically, some authors call for a more systematic inclusion of foreign actors and international bodies (e.g. Crouch and Farrell 2004), firms and interest groups from the service sectors (Blyth 2003; Zürn and Walter 2005: 273f.), as well as public authority actors (Schmidt 2009). The common reference point of these claims is that the VoC theory has a propensity to determinism in its focus on institutional settings, most of all labor market institutions. Hence, it ignores national political conflict and even leaves room to debate whether the VoC categories are still useful devices to study real-world phenomena (Crouch 2005).

By means of a systematic inclusion of the demand and supply side of politics, this analysis should provide a substantive assessment of the role of political conflict for the concepts and findings of the VoC literature. In other words, I will try to answer the question whether we can speak of a variety of capitalist debates, because the different logics inherent to LME, SME and CME should create different incentives and resources for specific actors (Hancké et

al. 2007: 6). This, in turn, may generate distinct debates on how the national economy is supposed to adjust to economic challenges. Regarding the transformation of national political competition, there has been growing interest in the role of public debates (Ferree 2002; Kriesi 2001; Swanson and Mancini 1996). This is because, in the contemporary Western European context, participation in public communications has become a crucial resource for political success. Accordingly, a broad variety of actors regularly conduct professionalized campaigns to gain the public's support (Kriesi 2004: 184; Schmidt-Beck & Farrell 2008). In other words, debates "may play a powerful causal role in determining the trajectory of policy change and, as such, should be treated as objects of enquiry in their own right" (Smith and Hay 2008: 359).

A public debate can be defined as the sum of *all public communications related to particular issues*, here domestic and international liberalization. A public debate therefore *results from a communication process in the course of which different positions are pitted against each other, the public opinion is taken into account and other actors are directly addressed* (Helbling et al. forthcoming).² Such a definition resembles what Ferree et al. (2002: 9) have called "public discourse", that is "public communication about topics and actors related to either some particular policy domain or to the broader interests and values that are engaged." But the term 'public debates' better reflects the idea of an *ongoing confrontation between political actors*.

² Both a public debate and public discourse need to be distinguished from the much broader concept of a "public sphere" (Gerhards and Neidhardt 1991: 45). A public sphere is also defined as a "system of communication" that is open to everyone. The communicative acts, however, are not centered on a specific issue but of all kinds of issues between different political actors. Finally, I could also rely on Anderson's (1978) notion of a „realm of discourse“, in which the „deliberation of public policy“ takes place. More precisely, this realm constitutes a „system of ideas and standards which is comprehensible and plausible to the actors involved“ (Hall 1993). However, while Anderson and Hall use their definition only within political decision-making processes, I need a concept that allows the systematic comparison of all actors which are relevant for the opinion formation in a specific policy field as well as the public opinion regarding these policies.

4. Which varieties can we expect in the debates?

This contribution consists of a country comparison of the debate on economic liberalization. The main purpose is to translate and test expectations which are derived from findings of institutional and policy output-oriented analyses on the Varieties of Capitalism. According to the most general of these findings, I expect that the British debate among both the elite and the public generally is relatively liberal. Here, more actors and societal groups are expected to be located on market liberal positions. In France, by contrast, I expect a rather protectionist debate, since in this State-led Market Economy at least the public authority actors presumably are reluctant to deregulate their markets for foreign or the global economies (Trouille 2007). In Germany, finally, I expect that most actors and societal groups show a fundamental moderation towards both international and domestic liberalization. This should lead to a debate with a position on the center of both dimensions. In a CME, not arm's length and competitive relationships, but positions which are oriented towards a corporatist consensus should prevail.

With regard to the data on the supply side of the debate, I can discern three aspects on which precise expectations can be tested (see the *design section* for details): the issue position of specific actors, the relative importance of these actors in the debates and the kind of relationships between the actors. To assess varieties of capitalist debates, we should pay particular attention to the relationships within the systems of economic interest intermediation as well as the role of the state in the economy (Hall and Soskice 2000; Schmidt 2009). The role of the other actors in the debate, for example international bodies, EU actors or parties is assessed in an exploratory way.³ In Britain, the government mainly acts as regulator and not as mediator or supporter of business activities. Therefore, I expect the importance of the government in the debate to be limited and characterized mainly by negative relationships to business and trade unions, since the institutions are shaped by competitive interactions. Furthermore, I expect the positions of public authorities and actors from the economic sphere on the two di-

³ There are no clear expectations that can be derived from the literature on VoC regarding these actors.

mensions to be located in great distance from each other. In other words, the debate in the UK should be rather polarized. The role of the unions and employer associations, finally, is probably negligible, since their opportunities and correspondingly their resources to enter the debate in LME are weak. In line with the VoC argument of complementary institutional equilibria, I assume quite the opposite for Germany. Here, the role of governmental actors, the unions and the employer associations should be more central, since the state is also mediator and the economic interest organizations are an essential part of decision-making processes on economic policies. Furthermore, consensual political decision-making should result from the characterization of Germany as a CME. Therefore, the relationships between all actors should mainly be more positive and, in a similar vein, their positions are expected to be moderate. Specific actor configurations should also appear in France. The role of the government should increase even in comparison with Germany, since it more explicitly decides over business matters. Additionally, I expect that the entrepreneurial state is tightly bound to corporations and employer associations, both in terms of positive relationships as well as similar positions on market liberalization. The unions, instead, are expected to be radical outsiders, since they are often ignored by decision-making on economic policies. The strong and independent state is therefore expected to face a polarizing opposition from the left of the political spectrum.

As outlined above, in line with the debate among the political elite, I assume that the relative position of the whole public differs between the three countries. Differences in the positions of single societal groups, however, should be the same across all countries.⁴ In general, I expect that the low-skilled classes, that is the low service functionaries and the blue collar workers, are substantively more interventionist and protectionist than the high-skilled classes (socio-cultural (semi-)professionals and capital accumulators; cf Oesch 2006). Further, I expect that the socio-cultural (semi-)professionals and capital accumulators differ on the domestic liberalization dimension. Socio-cultural (semi-)professionals have been found to be mainly

⁴ The classification of these groups is described in detail in the design section.

for economic globalization but against further deregulation of national markets (Lachat and Dolezal 2008). They support both an encompassing welfare system and the internationalization of the economies, since they have a cosmopolitan attitude as well as employment in public sectors, which are more affected by domestic than international liberalization. Capital accumulators, by contrast, should be the most liberal group on both dimensions, since this corresponds to their economic benefit oriented work logic. Moreover, I assume that the sectoral affiliation interacts with class attachment when it comes to the attitude towards global markets. As Katzenstein (1985) has shown for Switzerland and Austria, there always were conservative and protectionist business interests, mainly farmers and domestically oriented small businesses. In fact, this friction between domestically and internationally oriented business has likely sharpened (Kriesi et al. 2008). Low-skilled groups are mainly threatened by an opening of markets because of the risk of losing their individual job opportunities. This means that low-skilled workers in nationally sheltered sectors should be more opposed to a relief of market protection measures than low-skilled workers in internationally exposed sectors. The latter, although probably also in favor of market protection, should be more aware of the fact that their employers profit from the access to foreign markets. In an economy with high employment protection like in Germany, these differences may diminish. For high-skilled classes, I expect exactly the opposite pattern. High-skilled classes, at least the capital accumulators, are assumed to put emphasis on the economic success of their business. Since in Western Europe exposed sectors usually face international competition, export-oriented business often seeks to rally political support against too much competitive pressure. Therefore, high-skilled workers or employers in exposed sectors should be more against international liberalization than their counterparts in sheltered sectors. Finally, gender is expected to straightforwardly influence the debate on the demand side: women are expected to attach higher priority to the regulation of markets on both dimensions regardless of their class mem-

bership, since there is widespread evidence that women in general are more leftist than men (e.g. Inglehart and Norris 2000).

5. Design

Selection of countries and time period

The selection of countries is particularly important in the context of the analysis at hand, since it has to cover all of the three VoC classifications as outlined above. Accordingly, each of the three selected countries corresponds to one type of capitalism. Britain, besides the USA, is the most cited example of an LME (e.g. Hall and Soskice 2001). In a similar vein, most authors point to Germany as a typical CME and France is an exemplary case of an SME (Schmidt 2009). The principal aim of this study is to get a comprehensive picture of the Varieties of Capitalism in their current state. This means that a time period is necessary which does not cover exceptional events distorting the general patterns. In general, the three years from 2004 to 2006 seem to constitute a period of consolidation in Western European economic policy-making. In the 1990s, Western Europe has experienced far-reaching liberalization processes, culminating in the treaty of Maastricht in 1992, the termination of the WTO Uruguay round in 1994, and the introduction of the Euro in 1999. The first years of the new century saw a stagnation of the liberalization efforts. Since 2001, for example, the world community is engaged in the negotiations on the current WTO round to lower trade barriers (Doha Development Round). However, despite regular efforts to renew the negotiation process, it is actually stalled since the ministerial meeting in Cancùn, Mexico, in 2003. Another example of the fact that the rebuilding of Western European economies has become more cumbersome are the fierce protests against the ‘directive on services in the internal market’ (the Bolkestein directive) of the EU during 2005, mainly carried out by the labor movement.

In the 1980s and 1990s, the main liberalization steps occurred in domains where advanced economies had relatively advantageous starting positions, e.g. in capital markets or the regula-

tion of the communication industries. In the beginning of the new century, however, the debate increasingly extends to sensitive domains like labor market regimes and the agricultural sector. It thus seems that virtually all economic domains and, accordingly, the full spectrum of political actors is now substantially affected by market liberalization. A time period in the 2000s thus allows for a precise study of the configurations and mechanisms shaping the different VoC models. The analysis will halt in 2006, because in 2007 the financial crisis broke out. Such an external shock – including the subsequent macroeconomic and public debt crisis – is most likely to overlap all other economic discussions and to bias long-term attitudes of the population and collective actors.

Data

The data for the supply side is based on newspaper content analyses, while international survey data is used for the demand side. The survey data stem from the 1st round of the European Social Survey, the International Social Survey on National Identity II, and the International Social Survey on the Role of Government IV. These surveys contain several questions regarding either international or domestic liberalization (see table A.1 in the Appendix for details). All questions were asked in the same way in every country, so that comparability should be guaranteed. Additionally, all datasets provide the relevant structural variables to construct the social classes and affiliations to economic sectors. Finally, all surveys were conducted shortly before or within the time period chosen for the content analysis.

The content analysis data set was established by the author and collaborators in the SNSF research project „National Political Change in a Globalizing World“. For each country, a *quality newspaper* was chosen: Le Monde (F), The Times (GB) and the Süddeutsche Zeitung (D). This decision was motivated by pragmatic and conceptual considerations. On the one hand, the heavy work load of content analyses forced us to include only one newspaper into the analysis. Given the fact that we could only consider one media title, we argue that quality

newspapers are particularly suitable to study debates. The quality press reports more extensively on political matters than tabloid newspapers or television news. The retrieval of relevant articles from these selected newspapers was organized into a two-step procedure. In a first step, we established an event list by means of a systematic retrieval using various year-books as well as the annual reviews of the newspapers in our sample. These events constitute the basis for the development of an extensive keyword list for each country, which helped us to find potentially relevant articles in the newspaper databases.⁵ In a second step, we chronologically selected 1,200 articles per country.⁶ The coding, finally, was done using the relational method of core sentence analysis, which enjoys a growing popularity for the analysis of political competition (e.g. Kleinnijenhuis et al. 1997; Kleinnijenhuis and Pennings 2001; Kriesi et al. 2008; Helbling et al. *forthcoming*). Moreover, Franzosi (2004) and van Atteveldt (2008), amongst others, have recently provided theoretical and empirical evidence of the method's usefulness for the social sciences in general. Stepping systematically through the sentences, the coder assesses every *relationship between political subjects and objects*, i.e. either between two political actors or between a political actor and a political issue. In the following example, two actor-issue relationships and one actor-actor relationships can be established:

“Mr. Blair has made economic reform the top priority of his presidency, hoping to make labour markets more flexible in order to tackle record unemployment and sluggish growth across the continent. However, he is now likely to face challenges from President Chirac, who recently called economic ultra-liberalism the ‘new communism of our age’.” (*The Times*, May 31 2005, *Battle for the heart of Europe*).

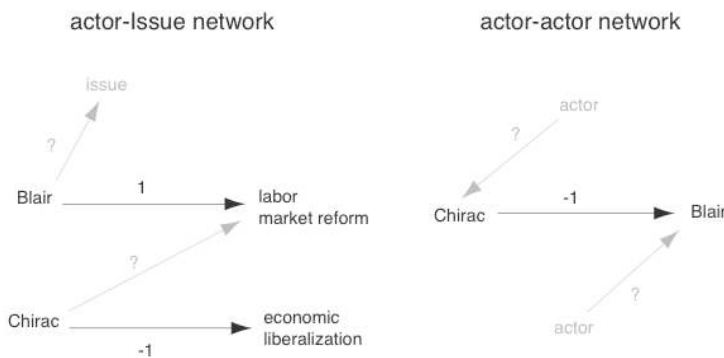
The first core sentence refers to Blair's support of labor market reforms (actor-issue-relationship), which is complemented by a labor and social security frame (‘in order to tackle record unemployment’) as well as a prosperity frame (‘in order to tackle [...] sluggish

⁵ Relying on such event lists has the advantage that we could largely avoid the risk of false negatives in our selection procedure, because we were able to adapt the keyword lists to the country-specific characteristics.

⁶ Such a chronological selection helped us to account for the dynamic of the debate, since it captures the peaks and slacks of the debate.

growth'). The second core sentence consists of Chirac's likely opposition to Blair (actor-actor-relationship). A last core sentence can be coded for the opposition of Chirac towards economic, in his perspective ,ultra', liberalism in general. The direction between subject and object is always quantified using a scale ranging from -1 to +1, where -1 means opposition and 1 means support, with three intermediary positions indicating a vague or an ambiguous relation.⁷ In other words, these relationships are directed dyads which can be aggregated to simple network structures. Applied to the example, the relationships therefore lead to the following actor-issue and actor-actor networks:

Figure 1: Illustration of the coding and aggregation of core sentences



As the number of core sentences increases, more actors and issues enter these networks, and multiple directional relationships can be established. The grey arrows in figure 1 illustrate this adding-up of relationships.

Categorization schemes

As outlined, the analysis will be conducted along two analytical issue dimensions. Both the many issues collected in the content analysis and the single questions in the surveys are aggregated to these two dimensions.⁸ More specifically, *international* liberalization includes all

⁷ If, for example, an actor is only potentially or vaguely in favor of or against a certain issue or actor – like Chirac in the example above – we coded 0.5 or -0.5 respectively. Whenever there was an ambiguous relation, we assigned no direction, that is 0.

⁸ The difference between the two data sources makes it problematic to exactly compare the positions of societal groups and political actors. However, I maintain that approximate comparisons between the supply and demand side, e.g. if most people are against international liberalization and most organizations are in favor of it, are possible since the dimensions in both datasets are composed of several indicators that should cover the most important aspects of the respective dimension.

policies that are related to the opening of national markets or genuinely located in the realm of the international economy, for example financial markets and trade regulation or tax competition. *Domestic* liberalization, instead, refers to policies that aim at the (de-)regulation of markets within countries. For instance, it covers conflicts over privatization, bailouts or labor market regulation.

A public debate is by definition open to the full range of *political actors* on the supply side. Therefore, a comprehensive categorization is used which subsumes the various actors (see *table 1*). On the most general level, public authority actors, intermediary actors, and actors from outside the political sphere are distinguished. This distinction, on the one hand, follows the separation of the political sphere into a realm, where input-oriented actors aggregate societal problems and demands (intermediary actors), and a output-oriented realm (public authority actors). A third basic category is constituted of actors which enter the debate from outside. These actors have a crucial importance for today's politics, for example the lobbying of corporations or the consulting of experts, but they do not genuinely belong to definitions of the political sphere (cf Kriesi 1994: 15; Poggi 1990). The third column in *table 1* shows the categories as they are used in the analyses, except for the unions, employer associations and corporations (*see below*). The level of aggregation of the categories is chosen on the basis of two criteria. First, the categories have to ensure the direct comparability between the countries. The government, for example, could not be subdivided since there are different governmental departments in each country, which makes a comparison tricky. For the same reason I use a categorization of six party families: the radical left, greens, social democrats, liberals, Christian democrats and conservatives and the populist and radical right (cf Helbling *forthcoming*). The second criterion applies to the categories 'public interest groups' and 'individuals'. Here, too few core sentences were coded to further disaggregate the categories.

Table 1: Types of political actors on the supply side of the debates on market liberalization

basic categories		specific categories ¹	labels
public authority actors	domestic state actors	government	<i>gov</i>
		central bank	<i>bank</i>
		judiciary	<i>jud</i>
		administration	<i>admin</i>
		legislative actors	<i>leg</i>
	inter- and supranational actors	IGO actors	<i>IGO</i>
		European Commission	<i>EUCom</i>
		European Council	<i>EUCou</i>
	foreign state actors	EU member states	<i>for/EU</i>
		non-EU member states	<i>for/nEU</i>
intermediary actors	political parties	radical left (communists and left socialists)	<i>rl</i>
		greens	<i>gr</i>
		social democrats	<i>soc</i>
		liberals	<i>lib</i>
		Christian democrats and conservatives	<i>con</i>
	economic interest groups	populist and radical right	<i>rr</i>
		trade unions ²	<i>u</i>
		employer associations ²	<i>e</i>
	public interest groups	consumer associations	<i>consum</i>
		other public interest groups (e.g. charitable organizations, churches)	<i>pubint</i>
actors from outside the political sphere	non-organized individuals	experts	<i>exp</i>
		individuals	<i>indiv</i>
	economic actors	corporations ²	<i>c</i>

Notes: ¹ These categories were used in the analyses; ² These actors are additionally separated by sectors in the analyses.

The economic actors, that is the unions, employer associations and corporations, are further subdivided by sectors, since one focus of the analysis is to analyze if specific sectoral patterns are decisive for the political competition on market liberalization in the different countries. Hence, actors from the agricultural, industrial or service sector were additionally marked by the labels *a*, *i*, and *s* respectively. Furthermore, actors from the private sector are indicated by the label *pr*, whereas actors from public or mixed sectors are marked by *pm*. As an example, a

corporation from the private industrial sector is labelled *c/i/pr*, where *c* stands for corporation, *i* for industry and *pr* for private. Which sector a union, corporation and employer association belongs to, was assessed during the coding process. Actors which belong to more than one category, e.g. to the industrial and service sector, received both codes.

The demand side of the debate is analyzed by an extended post-industrial class scheme as – among others – established by Oesch (2006), Kitschelt and Rehm (2005) and Häusermann (*forthcoming*) (see *table 2*). Such a scheme most likely uncovers the attitudes of people on economic issues as they are relevant for political competition (Häusermann 2009, Oesch 2006). More specifically, the pressures of globalization, post-industrialization and political integration have not only transformed the political conflict of political elites, they have also transformed the socio-structural base of the conflict. The basic idea is that today's societies are not only divided by the traditional vertical differentiation of skills, opportunities and interest, but also by a horizontal stratification which refers to different work logics. The main division here separates the socio-cultural (semi-)professionals (*scp*) and low service functionaries (*lsf*) from the other groups. The work goals of *lsf* and *scp* are focused on their interaction with the people they provide a service for. The work logic of the other groups is mainly related to economic efficiency or the organizational goals of their employer.

Table 2: Categorization scheme of post-industrial class groups⁹

class	description	label
<i>Capital accumulators</i>	Large employers, self-employed with employees, technical experts, higher-grade and associate managers	<i>ca</i>
<i>Socio-cultural (semi-)professionals</i>	Workers with a large work-autonomy and 'client-interactive, symbol-processing' jobs (e.g. teachers), mainly employed in the public sector, non-profit organizations or the service sector.	<i>scp</i>
<i>Mixed service functionaries</i>	Technicians, self-employed without employees, skilled and unskilled office workers.	<i>msf</i>
<i>Low service functionaries</i>	Skilled and unskilled service workers in public (e.g. nursing) or private services (employed in retail commerce, as housekeepers etc.)	<i>lsf</i>
<i>Blue collar workers</i>	Skilled and unskilled craft and industry workers.	<i>bcw</i>

⁹ I would like to thank Silja Häusermann and Hanna Schwander for providing essential help during the recoding process.

The focus on the Varieties of Capitalism debates requires the inclusion of two further variables into the analysis of the demand side. First, there is evidence that there are gender-specific preferences regarding economic policies in general as well as the welfare state in particular (Estévez-Abe 2005; Häusermann *forthcoming*). Second, the preferences of the individuals are expected to vary not only in terms of class and gender, but also in terms of how protected they are from the international markets (Walter 2009). The reasoning is the same as for employer associations and organizations. People in domestically oriented and sheltered sectors, for example agriculture, likely opt against the opening of economic borders if they are not otherwise compensated, while people working in internationally successful sectors see that their personal benefit depends on their or their employers' access to foreign markets (cf Kriesi et al. 2008). Thus, every individual's exposure to global markets was assessed. To this aim, I use the joint factor scores of three indicators: exposure of the sector to trade in goods and services, exposure to in- and outflows in Foreign Direct Investments and offshore ability of the job (the scores of each indicator per country are listed in table A.2 in the appendix). To indicate the two additional variables gender and economic exposure I will use the labels *m* (male) and *f* (women) for gender and *s* (sheltered) and *e* (exposed). As illustration, women working as socio-cultural (semi-)professionals in sheltered sectors will be indicated as *scp/f/s*.

Measures and methods of analysis

By means of data generated by the core sentence method we can measure two important aspects on the supply side: first, the *positions* actors take on economic liberalization and, second, the *salience* of the actor involved. Positions towards a certain issue or actor category are calculated taking the mean value of the direction in all relevant observations. The salience of an actor refers to the number of his statements relative to all statements made in a country. With regard to the demand side, the position of a *societal group* is calculated by taking the mean of all group members. The group *salience* simply equals the number of individuals be-

longing to the corresponding group. Since the three samples used in the analysis have different total numbers of respondents, the means and relative frequencies are always calculated by weighting for the deviating sample sizes.

To identify the actor camps in the issue spaces, I rely on kmeans cluster analysis. However, ordinary kmeans clustering requires two far-reaching a priori decisions. First, the previous definition of a starting configuration is needed.¹⁰ Since the actors used in this analysis are too heterogeneous to suggest a starting configuration, this is a major difficulty. To fix this problem, I apply the algorithm called kmeans++ as proposed by Arthur and Vassilvitskii (2007). Kmeans++ calculates optimal cluster centers by minimizing the average squared distances for all data points to the centers before the actual clustering calculation is started. This leads to stable clustering solutions. The second difficulty is the fact that kmeans requires the predefinition of the number of clusters. To determine the most adequate number of clusters, I compare different cluster solutions by their silhouette width, a measure suggested by Rousseeuw (1987).¹¹ The silhouette width is the average of the degree of confidence in the clustering assignment of every data point. More precisely, it is defined as

$$S = \sum_{i=1}^i \frac{b_i - a_i}{\max(b_i, a_i)},$$

where a_i is the average distance between i and all other observations in the same cluster, and b_i is the average distance between i and all other observations in the ‘nearest neighboring cluster’.

To assess the prominence of actors in the actor-actor networks I analyze by means of network analysis, I use closeness centrality as suggested by Beauchamp (1965).¹² In statistical terms,

¹⁰ If no starting configuration is given, Kmeans randomly draws cluster centers. This procedure, however, returns unstable and often sub-optimal results, both statistically and substantively.

¹¹ In R, the silhouette width calculation is implemented in the package *clvalid* (cf Brock et al. 2008).

¹² The R package *igraph* provides all the necessary functions for the social network analysis conducted for this paper.

closeness centrality of actor a is defined by the inverse of the average length of the shortest paths d to and from all the other actors i in the network:

$$C_a = \frac{1}{\sum_{i=1}^n |d_{ai}|}$$

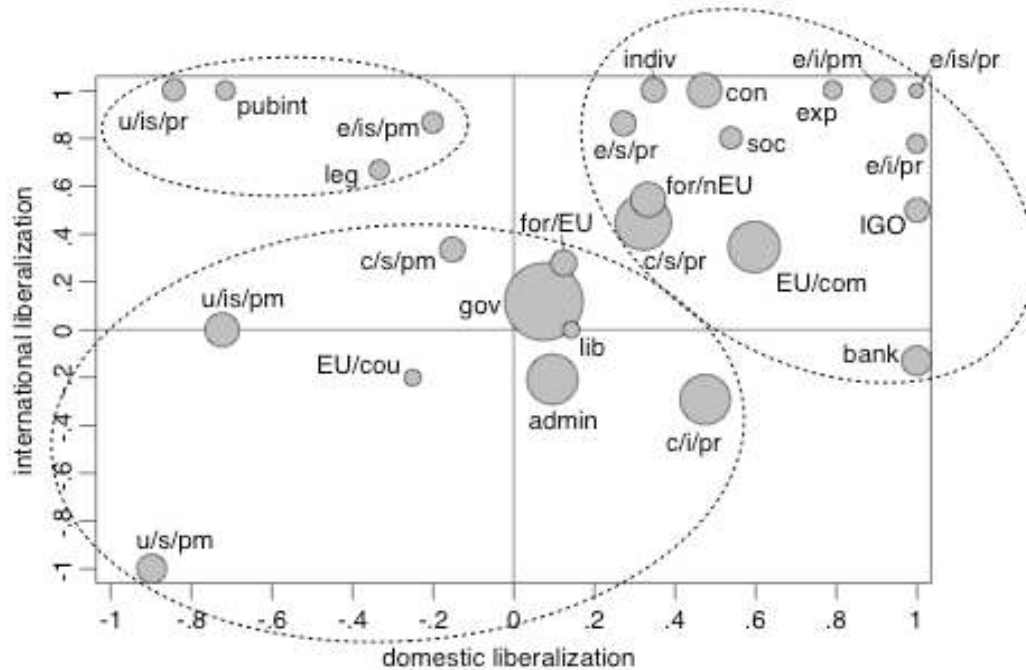
In terms of the core sentence data analysis at hand, the coreness for an actor increases, the more frequently this actor occurs in actor-actor relationships. Thereby, it does not matter if the actor is the subject or object in the relationships, since closeness simply indicates the involvement of an actor in the debate.

6. Empirical analysis

Britain – A liberal debate?

Figure 2 presents the issue dimensional space of the debate among the political elite in Britain. As mentioned above, the unions (u), employer associations (e), and corporations (c) are subdivided according to their sectoral affiliation. The grey circles indicate the positions and salience of the actors, while the dotted circles show the result of the cluster analysis. To begin with, three clusters were identified. More specifically, there are two important camps and one small one in the upper left corner, which is made of private sector unions and public interest groups. The first big cluster is mainly defined by the domestic public authority actors (government and administration), the public/mixed sector unions as well as industrial and service sector corporations. It is a moderate cluster, which is centered on the middle positions of the debate.

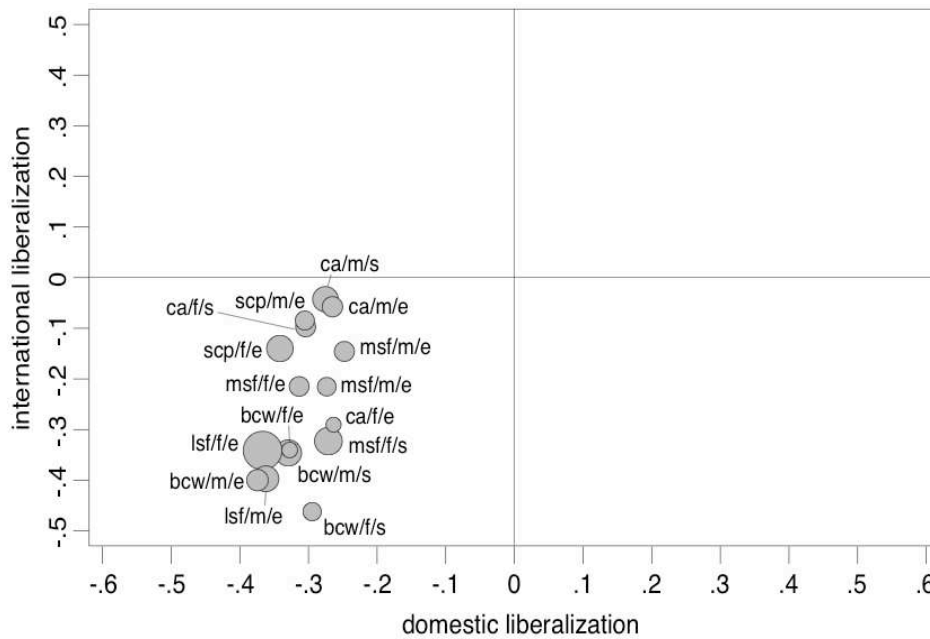
Figure 2: The issue space of the debate in Britain: actor positions, salience and camps



Notes: The center of the grey circles indicates the actor's position towards international and domestic liberalization; the size of the grey circles report the relative frequency of the actor in the debate; the dotted circles show the optimal cluster solution calculated by the cluster analysis as described in the method section.

Regarding the most important actors, the government is the dominant force in terms of salience. This is contradictory to the expectations, but the actor centralities of the network analysis in *figure 3* only partly confirm this result. The administration, companies from the private industrial and service sectors as well as the EU Commission all have the same importance for the network of the elite debate as the government. Corporations, therefore, are a surprisingly crucial force in the debate on market liberalization in Britain. They outperform both unions and employer associations. With regards to the kind of relationships, there are relatively a lot of negative relationships (indicated by grey arrows). Most notably the government, but also the social democrats as the incumbent party and the corporations receive a lot of negative relationships. The administration, experts and unions, instead, are objects to a comparatively high share of positive relationships.

Figure 4: The class structure on the demand side of the debate in Britain: position and size of specific socio-structural groups



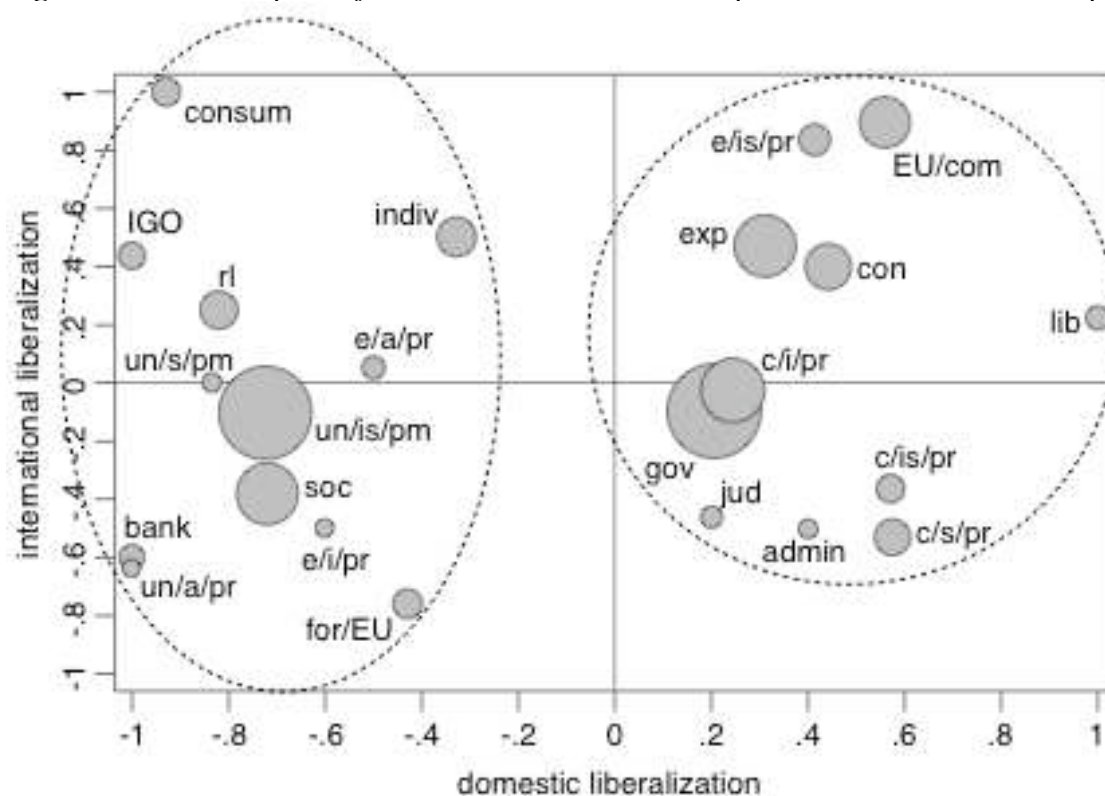
Notes: The center of the grey circles indicates the group's position towards international and domestic liberalization; the size of the grey circles report the relative frequency of the group in the surveys.

The public opinion in the LME Britain is both clearly protectionist and interventionist. There is thus a huge divide between the elite and the population regarding economic policy making in Britain. Even the high skilled classes, in difference, as we will see, to the other countries, are against further market liberalization. The low skilled classes (blue collar workers (*bcw*) and low service functionaries (*lsf*)) are substantively more protectionist than the high skilled classes (socio-cultural (semi-)professionals (*scp*) and capital accumulators (*ca*)). For the high skill classes, it further holds that women are more interventionist and protectionist. Among the low skilled, however, the expectations neither for the gender divide nor for the sectoral separations can be confirmed. For example, male blue collar workers in exposed sectors are stronger in favor of protectionism than in sheltered sectors. Additionally, the fact that male low service functionaries are more protectionist than women from the same class and sector does not match the expected pattern.

France – A state-led debate?

In France, the issue space shows a distinct cluster configuration from the British debate. We have a rightist camp which is opposed by leftist actors. The decisive axis separating the two camps is domestic (de-)regulation and it is evident how well the left-right distinction is still applicable in France. The right parties, along with the public authority actors and corporations mainly, shape the right camp, while the unions and left parties form the leftist camp. Contrary to Britain, the debate among the public elite is clearly less liberal in terms of international liberalization. As expected, the domestic public authority actors and corporations from all sectors are protectionist. In this regard, they are joined by the social democrats and the public/mixed sector unions, the most important actors in the leftist camp. The expectation that the debate in the SME France runs relatively protectionist is therefore met to a certain degree. Another very notable finding is the close relationship between the private sector industry and the government, which have congruent positions in the debate.

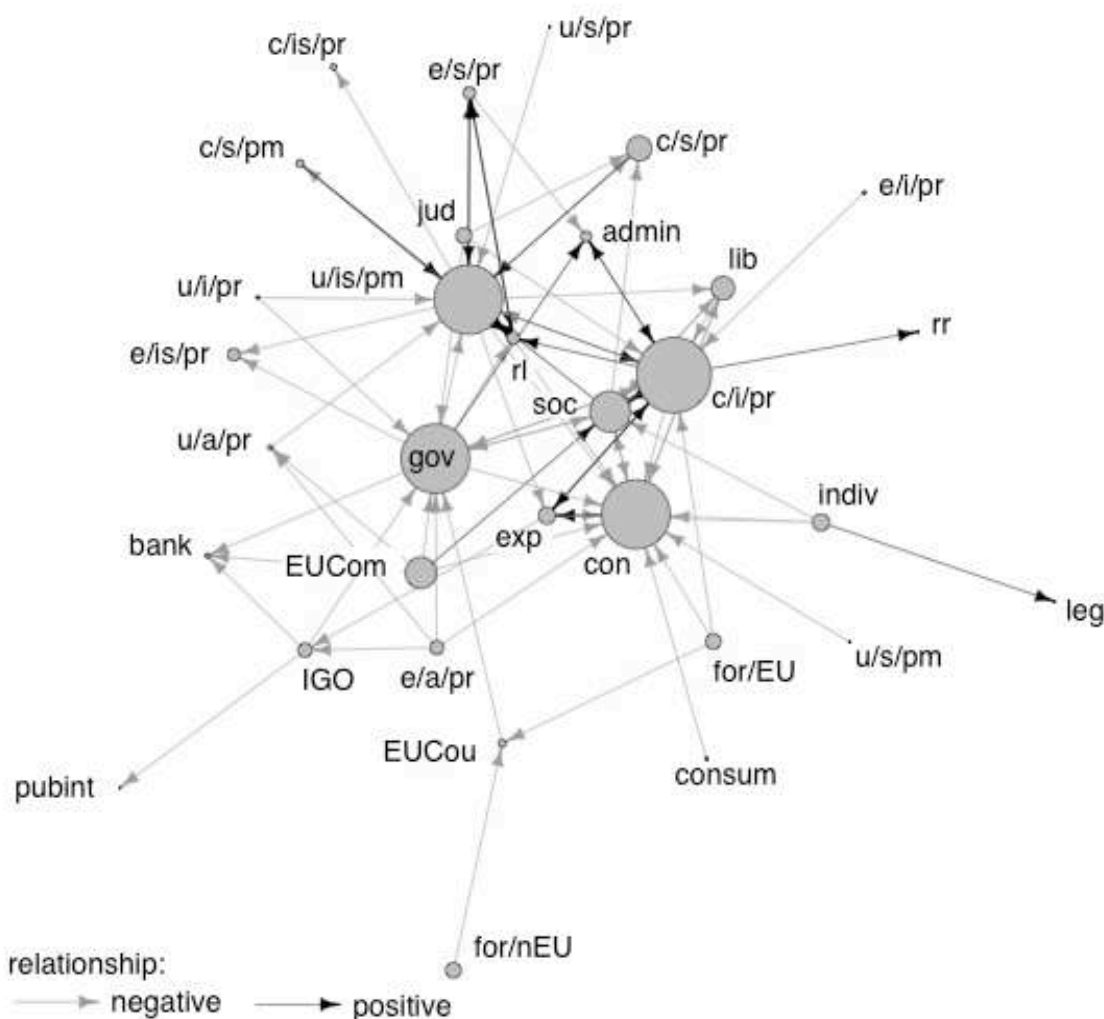
Figure 5: The issue space of the debate in France: actor positions, salience and camps



Notes: The center of the grey circles indicates the actor's position towards international and domestic liberalization; the size of the grey circles report the relative frequency of the actor in the debate; the dotted circles show the optimal cluster solution calculated by the cluster analysis as described in the method section.

Contrary to the actor constellations in Britain, the interventionist side has a strong influence on the debate with very salient public/mixed sector unions and social democrats. These actors thus lead to a high polarized debate in France. The government, and more astonishing, the unions are the most important actors, in both the issue space and network relationships (see *figure 6* on the next page). In the issue space, the government gets supported by a strong European Commission, corporations from the private industrial sector, and experts. In the network of the debate, the incumbent party (conservatives) additionally has a central function. In sum, the government does not have the outstanding position as anticipated by the notion of a State-led Market economy. Additionally, the relationships between corporations and the government are not positive. Most positive relationships can be found within the group of unions, corporations, administration and experts. The majority of relationships, on the other hand, are negative. Most notably the government is neither the subject nor the object of one single positive relationship. This may reflect the conflictual nature of economic policy making under a strong, entrepreneurial state.

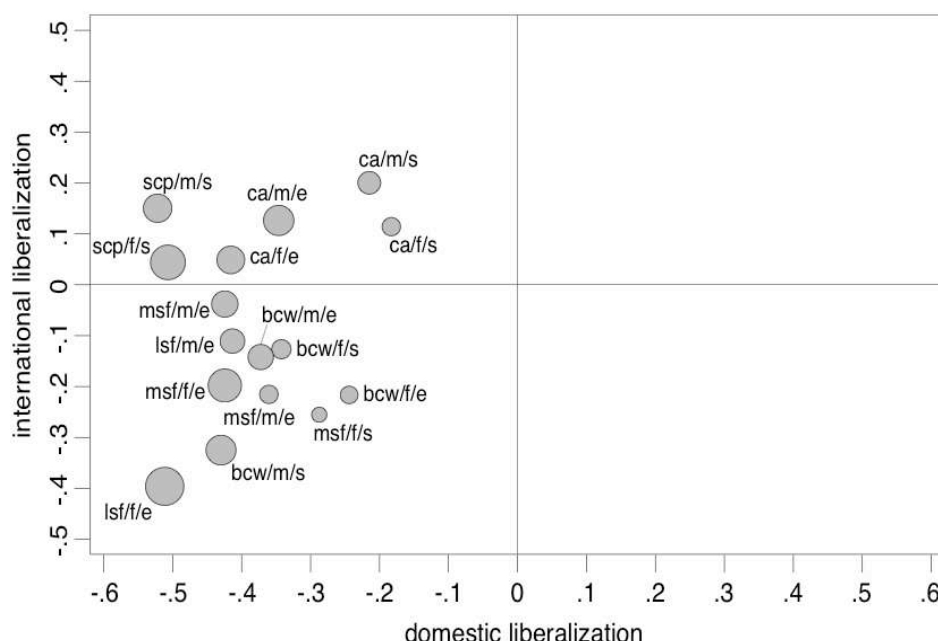
Figure 6: The debate network in France: actor-actor relationships and actor prestige



Notes: The size of the grey circles report the coreness of the actor in the debate; the different colors of the arrow show negative and positive positions.

The French public opinion is clearly against a further dismantling of national regulations (see *figure 7*). In distinction to the demand side in Britain, however, the high skilled classes are consistently in favor of international liberalization. Thus, the French population is not at all more protectionist than the public opinion in the other countries. Similar to Britain, the main division in the population is on international liberalization, but there are also domestically more radical left groups, most notably the socio-cultural (semi-)professionals and the female low skilled service functionaries from exposed sectors.

Figure 7: The class structure on the demand side of the debate in France: position and size of specific socio-structural groups



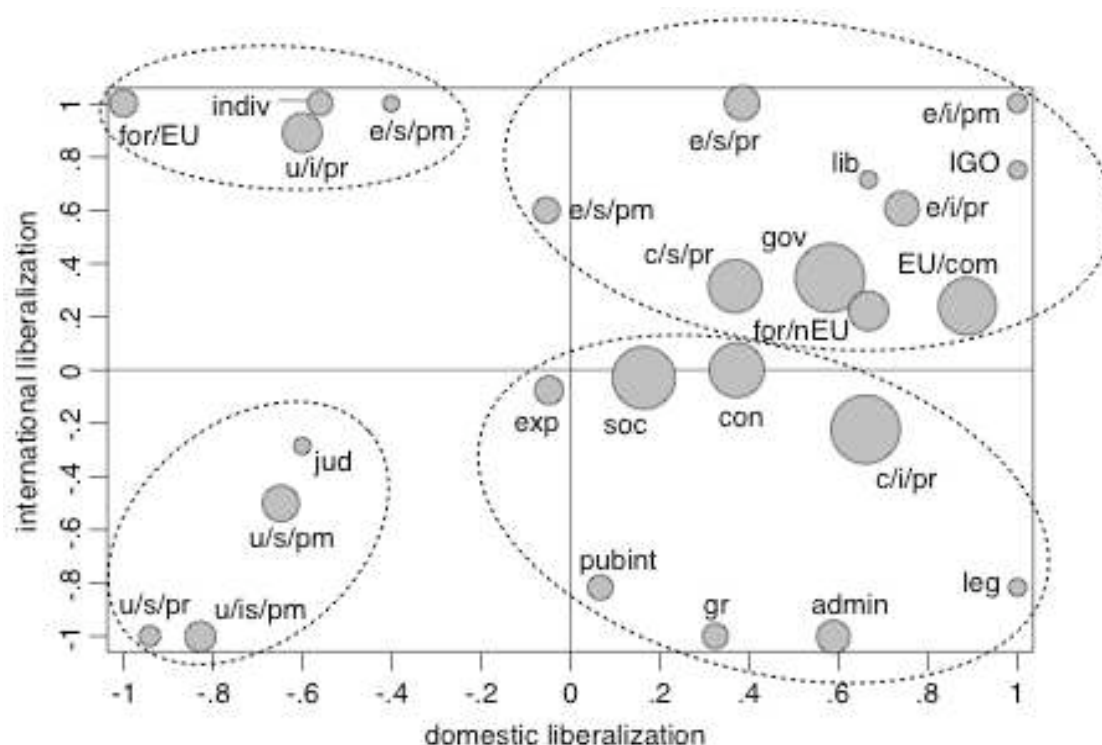
Notes: The center of the grey circles indicates the group's position towards international and domestic liberalization; the size of the grey circles report the relative frequency of the group in the surveys.

The fact that the dominating divide in the population is on the international dimension, even if the high skilled classes are mainly separated by the domestic dimension, is a clear contrast to the debate among the elite, which is mainly divided by issues of domestic regulation. More generally, the leftist camp seems to meet the preferences of the demand side, while the rightist camp identified in the issue space politicizes quite in distance to the population. Women are consistently more protectionist, but not more interventionist, than men in the high skilled classes. In the low skilled classes, the pattern is less clear, since only the women in low service sectors and female blue collar workers in exposed sectors are more protectionist than their male counterparts. On the domestic liberalization dimension, all female blue collar workers are less interventionist. Perhaps other distinction, for example between the public and private sector, may therefore be more influential.

Germany – A consensual debate embedded in a Coordinated Market Economy?

The German debate is, on the most general level, divided into four camps. To begin with, most unions from a small, radical camp which opposes deregulation of markets on both dimensions. The other unions and private industrial sector employers are strictly against the deregulation of national markets. As in Britain, two dominating camps appear, the first one being a clearly liberal one. This camp is shaped by employer associations, supra- and international actors, the government and the corporations from the private service sector. The corporations from the private industrial sector, instead, are clearly protectionist. They form a camp together with the big parties and the administration, which is mainly moderate in terms of international liberalization but distinctly liberal in domestic terms.

Figure 8: The issue space of the debate in Germany: actor positions, salience and camps

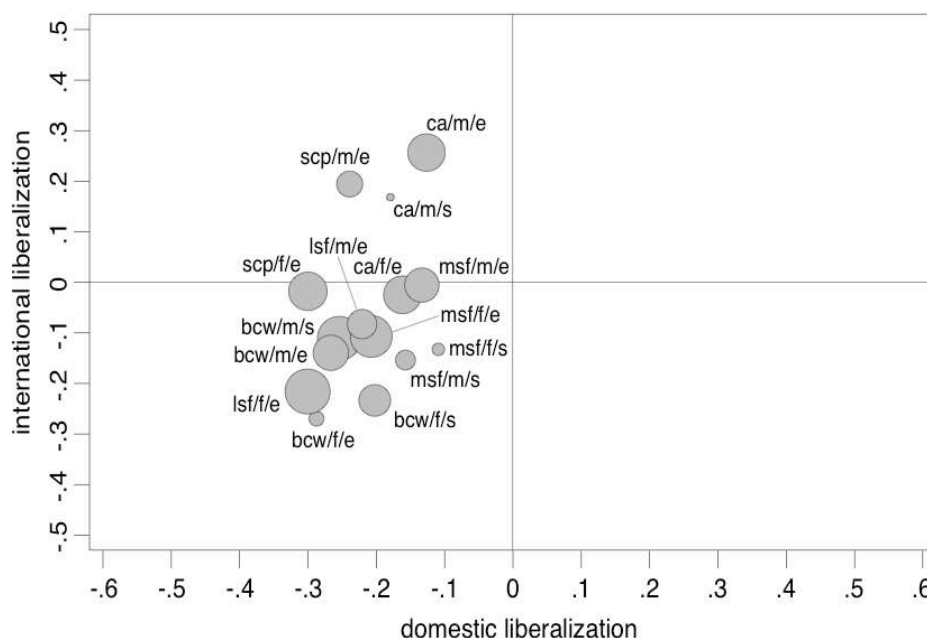


Notes: The center of the grey circles indicates the actor's position towards international and domestic liberalization; the size of the grey circles report the relative frequency of the actor in the debate; the dotted circles show the optimal cluster solution calculated by the cluster analysis as described in the method section.

The fact that, in sum, less actors are clearly liberal and that there are two oppositional camps, makes the debate in Germany less liberal than the British. The debate additionally is clearly less protectionist and polarized than the French debate, because the unions are not that salient,

tal accumulators, but also the male socio-cultural (semi-)professionals are clearly in favor of market opening. Additionally, the middle and low skilled classes are not that substantively protectionist than their counterparts in France and Britain. The pattern of a gender divide between more protectionist women and economically internationalist men is clear-cut in the German debate on the demand side. As in the other countries, however, there is not the same consistency of the gender divide on the domestic liberalization dimension.

Figure 10: The class structure on the demand side of the debate in Germany: position and size of specific socio-structural groups



Notes: The center of the grey circles indicates the group's position towards international and domestic liberalization; the size of the grey circles report the relative frequency of the group in the surveys.

Finally, the sectoral divides in the population are the inverse as expected. In the low skilled classes, more exposed people are also more protectionist, while the more sheltered people in the middle and high classes oppose open markets. This, however, may be another implication of the debate in a CME. Protected low skilled workers may have confidence that the corporatist regimes and labor market institutions will continue to disconnect them from the risks of the world economy. In a similar vein, sheltered high skilled people may be aware from the benefits of coordinated markets, what could prevent them to push for the opening of markets.

7. Conclusion

The analysis has shown that it is reasonable to adapt theories established for the study of institutions and political outcomes to analyses of public debates. To be sure, such an analysis bears potential caveats and ambiguities. It is for example not obvious, that an entrepreneurial oriented government has also high shares of statements in a debate, because it may prefer to negotiate behind the curtain. In sum, however, the debates seem to follow the logic of different equilibria in capitalist varieties: there indeed is a rather liberal debate among the elite in Britain, a rather protectionist one in France, and a moderate debate on the supply side in Germany. Additional distinct characteristics of the three debates is the high polarization among the elites in France, the comparatively high positive relationships in the German network, and the strictly leftist, that is interventionist and protectionist, demand side in Britain.

The divide between the population and the elite is substantive in all three countries. From a comparative point of view, it is quite small in Germany and especially large in Britain. In France, the divide is manifest in a completely different importance of the two dimensions for the elite and the population, respectively. While the elite is split on the (de-)regulation of the national industries, the population, as in the other countries, is mainly separated by different attitudes towards international liberalization. It remained beyond this analysis to explore how such substantial differences are possible. With regard to the differences within the public, the post-industrial class scheme has been most consistently matching the expectations. The differences in gender and sectoral exposure to world markets, instead, seem to very contingent on the country and even class specific context.

A further general finding was the crucial importance of corporations and the European Commission. They seem to have a lot of resources and opportunities to enter the debates. Together with the public authority actors, they are the driving force of the debates on market liberalization. The German parties and French unions join in as additional central actors in the debate.

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Appendix

Table A.1: Variables used for the analysis of the demand side

Survey	Variable	n ¹
ESS 02/03	B43 The less government intervenes in the economy, the better	6,232
	D27 Is immigration bad or good for country's economy?	6,274
ISSP 03	v36 Limit imports of foreign products to protect national industry.	3,621
	v41 Large international companies are doing more and more damage to local businesses.	3,494
	v44 International organizations are taking away too much power from the country.	3,379
ISSP 06	V12 Government should finance projects for new jobs.	4,172
	V13 Less government regulation of business.	4,038
	V15 Government should support declining industries to protect jobs.	4,163

Notes: ¹ Total sample size for all three countries.

Table A.2: Economic exposure of economic sectors¹

<i>economic exposure (standardized z-scores)</i>	F	UK	D
<i>Agriculture</i>	-1.15	-0.34	-0.94
<i>Mining</i>	-1.36	-2.55	-1.48
<i>Food, textile, wood</i>	-0.12	0.15	-0.03
<i>Chemistry</i>	1.12	0.8	1.01
<i>Metal and machinery</i>	1.06	0.75	-0.32
<i>Electricity and construction</i>	-0.21	0.29	0.01
<i>Financial and IT services</i>	-0.22	-0.12	-0.18
<i>Social services</i>	-0.32	-0.28	-0.1
<i>Retail, tourism and gastronomy</i>	1.72	0.9	2.17
<i>Transport and communication</i>	-0.53	0.4	-0.13
Trade exposure; average 2004-2006, in %			
<i>Agriculture</i>	13.2	40.6	50.7
<i>Mining</i>	0.0	91.2	485.8
<i>Food, textile, wood</i>	43.9	56.2	63.8
<i>Chemistry</i>	68.7	93.8	99.9
<i>Metal and machinery</i>	272.4	226.0	431.0
<i>Electricity and construction</i>	0.9	0.8	3.2
<i>Financial and IT services</i>	106.9	145.0	103.5
<i>Social services</i>	33.3	52.8	57.8
<i>Retail, tourism and gastronomy</i>	18.1	56.0	31.5
<i>Transport and communication</i>	0.6	0.6	0.1
FDI exposure; average 2004-2006, in %			
<i>Agriculture</i>	0.8	2.7	1.5
<i>Mining</i>	0.0	535.1	26.4
<i>Food, textile, wood</i>	13.1	112.1	6.4
<i>Chemistry</i>	52.1	139.9	29.9
<i>Metal and machinery</i>	32.1	51.6	11.6
<i>Electricity and construction</i>	19.8	54.3	5.8
<i>Financial and IT services</i>	20.9	71.3	26.7
<i>Social services</i>	18.8	149.4	17.7
<i>Retail, tourism and gastronomy</i>	111.9	81.2	95.3
<i>Transport and communication</i>	1.0	6.9	0.7
Offshore ability (0=not offshorable; 100=fully offshorable); same for all countries			
<i>Agriculture</i>	7.4		
<i>Mining</i>	0.0		
<i>Food, textile, wood</i>	40.6		
<i>Chemistry</i>	68.0		
<i>Metal and machinery</i>	51.4		
<i>Electricity and construction</i>	38.3		
<i>Financial and IT services</i>	23.6		
<i>Social services</i>	29.9		
<i>Retail, tourism and gastronomy</i>	64.0		
<i>Transport and communication</i>	36.0		

Notes: ¹ The sector list is a reduced sector list that is based on the ISIC Rev.3 classification (see the U.N.'s classifications registry, <http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=2>, for more details).

² Economic exposure is the factor score of the three indicators offshore ability, FDI exposure and trade exposure. For offshore ability, the index of Blinder (2007) and Muhl (2007) was used. FDI exposure is the sum of inward and outward FDI relative to the output in a sector. Trade exposure is the sum of export and import (total trade in goods and services) relative to output (Source: OECDstats, <http://stats.oecd.org>).

For all actors who belong to more than one sector, the average of the exposure levels was calculated.